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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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**TO:** All County Auditors and County and Township Assessors

**FROM:** Courtney L. Schaafsma, Commissioner

**RE:** Legislative Changes Affecting Property Tax Deductions

**DATE:** July 29, 2015

This memorandum addresses legislative changes concerning property tax deductions. Please note that this memorandum is intended to be an informative bulletin; it is not a substitute for reading the law.

## **I. Homestead Deduction (IC 6-1.1-12-37)**

On April 15, May 4, and May 5, 2015, Governor Pence signed into law House Enrolled Act 1283-2015 ("HEA 1283"), House Enrolled Act 1388-2015 ("HEA 1388"), and Senate Enrolled Act 372-2015 ("SEA 372"), respectively.

HEA 1283 amends the homestead deduction statute (IC 6-1.1-12-37) so that for a property being purchased under recorded contract to be considered a homestead, the contract must obligate the owner to convey title to the individual upon completion of all of the individual's contract obligations. This amendment was effective upon signing, but does not apply retroactively, so existing contracts are grandfathered in.

HEA 1388, Section 7, amends the homestead deduction statute to clarify that if a person moves from his homestead after the assessment date to another homestead later that year, the homestead deduction on the first property is not cancelled, even if the homestead the person moves to was vacant land or a partially-completed dwelling on the assessment date. In other words, if Bob moves from his homestead after the assessment date to another homestead later that year, he may retain the homestead deduction on his old property and receive a homestead deduction on the new property for the same assessment date, even if that new property was vacant land or a partially-completed dwelling on the assessment date. This amendment corrects a contradiction previously in the statute. HEA 1388 also eliminates some obligatory Department rule-making provisions and voids some of the Department's unnecessary administrative rules, all concerning deductions. These amendments were effective upon passage.

SEA 372 amends the homestead deduction statute so that after December 31, 2015, if more than one individual or entity qualifies property as a homestead for an assessment date, only one standard deduction from the assessed value of the homestead may be applied for the assessment date. Again, this amendment applies only to assessment dates occurring after December 31,

2015. By way of example, if brothers Bob and Joe both own a property and use it as their principal place of residence, only one of the two brothers can obtain a homestead deduction on that property.

## **II. World War I Deduction (IC 6-1.1-12-17.4, 17.5)**

On May 6, 2015, Governor Pence signed into law Senate Enrolled Act 441-2015, Section 1 of which eliminates the World War I veteran property tax deduction for property taxes imposed for an assessment date after 2015. This amendment is effective July 1, 2015.

### **Contact Information**

Questions may be directed to General Counsel Mike Duffy at (317) 233-9219 or [mduffy@dlgf.in.gov](mailto:mduffy@dlgf.in.gov).